

# **ST. CHARLES POLICE PENSION FUND**

1515 West Main Street  
St. Charles, Illinois 60174

## **MEETING MINUTES**

**June 3, 2020**

**11:30 a.m. – St. Charles Police Department**

### **MEETING CALLED TO ORDER**

President Boyce called to order the Regular Meeting of the St. Charles Police Pension Board at 11:50 a.m.

### **ROLL CALL**

Members Present: Brooks Boyce, President; Tim Beam, Trustee; and Chris Minick, Finance Director

Members Absent: Steve Heike, Secretary and James Keegan, Trustee

Others Present: Edward Lavin, Sawyer Falduto; Brian Lombardi, Reimer & Dobrovolny, PD (via conference call)

### **APPROVE PREVIOUS MEETING MINUTES**

Table to the next meeting. Not enough members present from the last meeting to vote.

### **INVESTMENT ACTIVITIES**

Lavin reported that the assets were received from the previous consultant around March 16, 2020. Stated that nothing has changed to impact the way SF can invest the portfolio. The legislature, in late 2019, passed some new guidance that's required to be represented in all investment policies. Specifically, what this is, is active acknowledgment by the board that the investment process contemplates Environmental Social and Governing factors (ESG). What the recommended factor is a written statement within the ISP. This does not change the way the portfolio is invested.

Sawyer Falduto has assigned a fixed income benchmark, focusing on government securities. This creates more of a tailored benchmark. This tailoring allows for a more transparent portfolio and will allow the members to better judge from a risk and rewards perspective. Discussion continued on investment benchmarks and updates to the Investment Policy Statement (ISP).

In order to establish voting requirements, the Board is going out of order to approve/finalize recent elections.

### **OLD BUSINESS**

Trustee Elections – Retired/Disabled trustee position was up for election this year with Trustee Dave Jannusch leaving the Board after several years of serving on the Board. Elections were held in April and Tim Beam was elected to the Retired/Disabled Trustee position with 22 votes.

**Motion:** To certify the election of Tim Beam as the Retired Member of the St. Charles Police Pension Fund for a term of two (2) years, expiring in May 2022.  
**Maker:** Minick  
**Second:** Boyce  
**Voice Vote:** 3 Ayes, 0 Nays, 2 Absent. All in favor. Motion carried.

The election for the position for an Active Member of the Board was also held and Steve Heike was the only nominee for the Active Member position and received 7 votes.

**Motion:** To certify the election of Steve Heike as the Active Member of the St. Charles Police Pension Fund for a term of two (2) years, expiring in May 2022.  
**Maker:** Minick  
**Second:** Boyce  
**Voice Vote:** 3 Ayes, 0 Nays, 2 Absent. All in favor. Motion carried.

**Motion:** Steve Heike for the position of Secretary of the St. Charles Police Pension Fund.  
**Maker:** Beam  
**Second:** Boyce  
**Voice Vote:** 3 Ayes, 0 Nays, 2 Absent. All in favor. Motion carried.

**Motion:** Brooks Boyce for the position of President of the St. Charles Police Pension Fund.  
**Maker:** Beam  
**Second:** Minick  
**Voice Vote:** 3 Ayes, 0 Nays, 2 Absent. All in favor. Motion carried.

**Motion:** Tim Beam for the position of Vice-President of the St. Charles Police Pension Fund.  
**Maker:** Boyce  
**Second:** Minick  
**Voice Vote:** 3 Ayes, 0 Nays, 2 Absent. All in favor. Motion carried.

## **INVESTMENT ACTIVITIES**

Lavin gave an overview of the transfer of the assets. Assets totaling \$36.6M were successfully transferred. Discussion was held on the first quarter returns. Minick reported that the City is currently in the process of an audit. An actuarial will be conducted as a result of this audit. Once the audit is complete, the Board will have a better idea of the Fund's funding level. The audit and actuarial report should be completed and available for discussion at the next meeting.

Lavin reported that there haven't been such rapid gains and losses in the market for over 20 years. The good news is that the market has gained back what it has lost. SF has invested about 70% of the equities in Large Cap stocks. Discussion continued on the investments to include the yield curve, fixed income, government bonds, US Treasuries, etc. Noted that to date, the markets continue to be up.

Discussion was held on the portfolio snapshot. This is what is done behind the scenes. It is a software package that breaks down the asset allocations. It includes risk rewards, returns, risk matrix, overweight and underweight, etc.

**Motion:** To accept and approve the Investment Report as presented.  
**Maker:** Minick

**Second:** Beam  
**Roll Call:** Minick – Aye, Beam – Aye, Boyce – Aye. 3 Ayes, 0 Nays, 2 Absent. All in favor. Motion carried.

**Motion:** To accept and approve the amended Investment Policy Statement to include the changes for sustainable investing and the proposed bench mark changes.

**Maker:** Minick

**Second:** Beam

**Roll Call:** Minick – Aye, Beam – Aye, Boyce – Aye. 3 Ayes, 0 Nays, 2 Absent. All in favor. Motion carried.

LaBardi will file the ISP with the Department of Insurance.

Minick stated that the Fund, in the past, has transferred employee contribution monies for investing purposes and then would request monies back as needed to pay benefits. Inquired if the same arrangement could be done with Sawyer Falduto. This practice allows for the maximization of earnings. There can be anywhere from \$30,000 to \$60,000 in an account at BMO Harris. The Finance Department would then request transfer of monies about 2 weeks before they are needed for benefit payments. Even if there were a delay in the transfer of the funds, Minick stated he would request that the City of St. Charles cover this until such time as transferred funds are received. There has never been a problem with this practice in the past.

**Motion:** That the City of St. Charles direct all police employee withholding contributions to Sawyer Falduto as collected and acknowledge that Sawyer Falduto will transfer the assets back as the City needs to make benefit payments.

**Maker:** Minick

**Second:** Beam

**Roll Call:** Minick – Aye, Beam – Aye, Boyce – Aye. 3 Ayes, 0 Nays, 2 Absent. All in favor. Motion carried.

### **OLD BUSINESS**

Economic Interest Statements – Economic Interest Statements should have been completed by all Trustees. These statements were due May 1. Boyce and Minick indicated they completed their statements.

### **ACCOUNTANT'S REPORT/PRESENTATION OF BILLS FOR DISBURSEMENT**

**Motion:** To approve Addendum A in the amount of \$124,360.29 as presented.

**Maker:** Beam

**Second:** Minick

**Roll Call:** Minick – Aye, Beam – Aye, Boyce – Aye. 3 Ayes, 0 Nays, 2 Absent. All in favor. Motion carried.

### **APPLICATIONS FOR MEMBERSHIP**

Boyce reported the Board has received one (1) application for membership from Daniel Godinho. Officer Godinho comes from Montgomery with just over 3 years 8 months of service. He is a Tier 2 employee with a hire date of 03/16/2020. It is Officer Godinho's intention to transfer his service from Montgomery.

**Motion:** To accept Daniel Godinho into the St. Charles Police Pension Fund effective 03/16/2020 as a Tier 2 employee.  
**Maker:** Beam  
**Second:** Minick  
**Voice Vote:** 3 Ayes, 0 Nays, 2 Absent. All in favor. Motion carried.

### **APPLICATIONS FOR BENEFITS**

Boyce reported that Troy Peacock retired on 05/28/2020. Peacock was originally hired on 01/10/1992 and leaves with 28 years of service at 70% of an annual salary of \$108,369.56, which equates to a monthly payment of \$6321.56.

**Motion:** To approve the retirement benefits of Troy Peacock effective 05/28/2020 with 28 years of creditable service at 70% of an annual salary of \$108,369.56, which equates to \$6321.56 per month.  
**Maker:** Minick  
**Second:** Beam  
**Roll Call:** Minick – Aye, Beam – Aye, Boyce – Aye. 3 Ayes, 0 Nays, 2 Absent. All in favor. Motion carried.

### **ATTORNEY'S REPORT**

LaBardi reported that most significant is the legislation reference COVID 19, which has passed both houses and is awaiting the Governor's signature. This legislation makes permanent changes to the Open Meetings Act (OMA) regarding regulations for meeting remotely during times of a Gubernatorial Disaster Declaration. Remote meetings are currently allowed under an Executive Order. Once this legislation is signed, there will be an article outlining these regulations.

The state-wide Police and Fire Boards have had several meetings. There has been no discussion, to date, reference the transferring of assets. The consolidation legislation gives the boards up to 30 months to make these transfers. Both boards are now seated and have begun to create the infrastructure to run the consolidation. The current board is an appointed board that only serves until the end of the year. The elective board is supposed to take over beginning January 1, 2021. Undertaking a state-wide election will be a significant task to complete. There is, currently, no state-wide data base indicating who is even eligible to vote. Discussion was held on the temporary board members.

### **NEW BUSINESS**

Closed Session Minutes – No closed session minutes to review/discuss.

Kern Annual Examination – LaBardi noted that Scott Kern is due for his annual examination in November. After a brief discussion, table to the September meeting. Shaw recently turned 50, so he is no longer required to present himself for an annual examination.

Trustee Training – Beam, previously a pension board trustee, has already completed the 32-hour trustee fiduciary training. As he was not a board member when the consolidation act took effect, he is not required to take the 16-hour fiduciary training or the 4-hour consolidation training. Annual training is all that is required. The 8-hour on-line fiduciary training is currently available. It was noted that the Fall Conference for October is still on schedule. It is to be located in Naperville.

### PUBLIC COMMENTS

None.

### ADJOURNMENT


There being no further business to discuss, motion to adjourn.

**Motion:** To adjourn the meeting at 12:46 p.m.  
**Maker:** Minick  
**Second:** Beam  
**Voice Vote:** 3 Ayes, 0 Nays, 2 Absent. All in favor. Motion carried.

The meeting was adjourned at 12:46 p.m.

The next regular meeting is scheduled for Wednesday, September 2, 2020 @ 11:30 a.m.

Respectfully submitted,

  
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President  
  
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Secretary